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## Water district lines up finances

Pine Strawberry board arranges loan to buy water company

By Max Foster

August 25, 2008

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The Pine Strawberry Water Improvement District Board has lined up a low-cost loan to buy the water company serving the two communities, PSWID board President Robert Haney announced late last week.

Haney provided few details of the reported line of credit from the Municipal Leasing Credit Corporation, but said it should provide enough money to buy the facilities of the two private companies -- at a cost expected to exceed \$4 million.

Board member Ron Calderon declined comment on the offer the board discussed in executive session, but said the proposal would be "good for everyone."

Haney's announcement comes less than a month after Sam Schwalm, a member of a watchdog group, criticized the board for its earlier bid to buy the Pine and Strawberry water companies from Brooke Utilities. The company rejected the district's offer and the board has now started condemnation proceedings to force the sale at a price set by the courts.

Schwalm had argued that the district didn't have the money to back up its original offer.

With the offer from MLCC in hand, the board now plans to hire a financial officer.

That hiring could come at the next regularly scheduled board meeting on Sept. 18 or possibly at a special meeting over the Labor Day weekend.

"The date and time for that (Labor Day meeting) hasn't been confirmed as yet but we will most likely have it," Calderon said. "And we will be hiring a financial adviser -- it is my job to find one."

The newly hired adviser, Calderon said, "will be asked to over look the contract for financial services and see it is fair and equitable for all the citizens of Pine and Strawberry."

Money for the buyout will come from MLCC, an Overland Park, Kan. firm that has financed town and community purchases around the country since 1984.

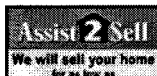
The Valley consulting firm of Coe and Van Loo has told the board that it will take about \$4.2 million to acquire the two water companies and make immediate repairs in the infrastructure.

Coe and Van Loo has also provided the board with an annual M&O budget of \$1,198,000 that would include \$316,000 for debt services. That money would be used as repayments for the \$4.2 million borrowed from MLCC or another corporation.

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In addition, the board has received a request from Brooke Utilities President Robert Hardcastle to provide more information about both the proposed purchase and newly arranged financing plan.

The PSWID board said it would provide the requested information to Brooke Utilities.

Hardcastle did not respond immediately to questions about PSWID's purchase offer or what financial information he was requesting.

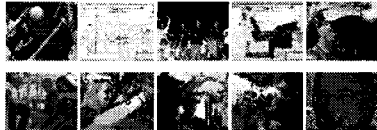
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